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SUBJECT: BRAZIL: COMMANDER OF U.S. ARMY CORPS OF ENGINEERS
MEETINGS WITH CIVILIAN COUNTERPARTS

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12. (SBU) SUMMARY. During his visit to Brazil October 1-5, LTG
Robert Van Antwerp, Commander of the U.S. Army Corps of Engineers
(USACE), and his delegation met on October 3 with civilian Brazilian
counterparts from the Ministry of the Environment, the National
Water Agency (ANA), the Secretary of Ports, the Transportation
Ministry, and the Ministry of National Integration. As Brazil is
about to launch numerous major infrastructure projects, the
Brazilian officials were interested in learning about the USACE and
its experience with developing and managing projects. LTG Van
Antwerp showed great willingness to share the USACE's experiences
and to consider ways to cooperate, so that Brazil could avoid
repeating our mistakes and benefit from our best practices. He also
expressed interest in learning from some of Brazil's success stories
in the areas of waterways infrastructure maintenance and
transposition of inland waterways projects, such as the Sao
Francisco Revitalization and Transposition Project. END SUMMARY.

13. (SBU) LTG Robert Van Antwerp, the Commander of the U.S. Army
Corps of Engineers (USACE), visited Brazil October 1-5 to meet with
Brazilian military and civilian counterparts. On October 3, he and
his delegation had a series of meetings with key civilian Brazilian
officials from the Ministry of the Environment, the National Water
Agency (ANA), the Secretary of Ports, the Transportation Ministry,
and the Ministry of National Integration. The timing of the visit
was propitious because Brazil has been considering a massive series
of infrastructure projects as part of its Program to Accelerate
Growth (PAC). The topic of designing and managing projects
connected with waterways, dams and ports dominated the vigorous
discussion between the U.S. and Brazilian officials.

WATERWAYS AND WATER PROJECTS

14. (SBU) The Ministry of the Environment (known as MMA) and its
subordinate national water agency, Agencia das Aguas Nacionais
(ANA), briefed LTG Van Antwerp and delegation on water management in
Brazil. ANA President Jose Machado explained that ANA had
responsibility for the seven interstate river basins and the states
managed the other 140 river basins. Each basin has a council that,
among other things, sets bulk water price, usually a low fee for
farmers and more for bigger companies. Machado said that Brazil has
a new law and needed to create a culture of considering multiple
uses of the river basins. He added, Brazil needs to look at water
in terms of development. MMA's Director for International Relations
Fernando Lyrio highlighted that water had been a part of the Common

Agenda for the Environment (CAE). Under the CAE, there was a video conference on water cooperation. Lyrio stressed that MMA would like to reinforce the partnership in water.

15. (SBU) Luciano Zica, MMA's Secretary of Water Resources and Urban Environment said he would like a partnership with the United States to help in preparing the National Water Plan. He expressed concern about the impact of climate change on water resources. Brazil would like to see regional coordination in South America. MMA's Director of Water Resources Joao Bosco Senra stated his group worked with states and municipalities to implement the Water Law. They were using "dynamic planning" with constant reevaluations. He explained that under the constitution they used the councils to determine the priorities among multiple users of basin. Benedito Braga, the Director at ANA, expressed interest in how the United States managed water in California and along the Colorado River. He noted that the river basin councils control the use of funds they collect, though the money mostly goes towards new construction.

16. (SBU) LTG Van Antwerp noted that the USACE was trying to correct prior actions, such as in the Everglades and with the Mississippi. He stated that the USG was interested in how Brazil handled cross-boundary matters and set policies. He said we have old infrastructure which needs much maintenance, having problems such as seepage. He underscored USACE's interest in sharing experiences with Brazil. Dr. Jerome Delli Priscoli noted a problem that we have in the United States is that many dams and levees are not government owned, which poses problems for ensuring adequate maintenance.

PORTS

17. (SBU) The Minister of Ports, Pedro Brito, described the use of private dredging companies to work in Brazilian ports. He was particularly interested to learn that the USACE used

BRASILIA 00002131 002 OF 003

"performance-based" contracts, such as "unit price" rather than "lump sum" payment. Brazil had four or five small dredging companies. For the bigger jobs Brazil uses foreign dredging companies, mostly from The Netherlands and Belgium. He asked how they could make progress in a partnership with the United States. Fernando Antonio Brito Fialho of the Agencia Nacional para Transporte Aquatico (the National Inland Waterways Transportation Agency, or ANTAQ) said that the Ministry had master plans for ports.

Brazil does not want to leave ports to the private sector. ANTAQ is interested in ideas for cooperation. ANTAQ participated with USACE in putting together the first Brazil-US Inland Waterways Navigation Conference in August, 2007 in Brasilia. The second Brazil-US Inland Waterways Conference will take place in Mississippi in 2008, where USACE will host the Conference.

18. (SBU) LTG Van Antwerp offered to help, saying USACE could show them some work in the United States. Brazil could send some experts to see USACE's work. The USACE contracts out most of its dredging work. "We are open to trading ideas", he added. Dr. Mohan Singh said that USACE offered a dredging training course. Priscoli said USACE could help with training. LTG Van Antwerp said the USACE would send some courses and ideas back to ANTAQ and the Ministry of Ports. Singh concluded saying that maybe U.S. companies can help to build capacity of Brazilian firms. We could build an alliance in this field.

TRANSPORTATION

19. (SBU) The Minister of Transportation, Alfredo Nascimento, briefed LTG Van Antwerp on current transportation goals and also explained that like the U.S., Brazil's armed forces play an important role in infrastructure development and maintenance. Nascimento pointed out that Brazil must take advantage of its rivers as a means to develop its natural resources and to also integrate interior parts of the country.

110. (SBU) LTG Van Antwerp emphasized that the USACE would like to explore cooperation with the GOB and at the same time stands to learn from Brazil, especially as the US addresses its own aging infrastructure from the 50s and 60s. Explaining that the United

States and Brazil hold some similar infrastructure challenges, ITG Van Antwerp said that USACE looks forward to exploring technology transfers, and to learning how the GOB undertakes cost/benefit analyses of its infrastructure projects. USACE is also interested in comparative studies of transboundary navigation considerations and the Brazilian process to calculate clay to high temperatures to make aggregate. Other areas where the GOB and USACE may benefit from cooperation include flood prevention and dam construction/maintenance/use.

¶11. (SBU) Nascimento agreed that the GOB and USG hold much in common and that expanded cooperation in infrastructure would be beneficial. Nascimento admitted that Brazil's growth occurred much quicker than the GOB had planned for - he estimated that Brazilian infrastructure is about ten years behind overall growth. To address this gap, the GOB's current priorities include: 1) recuperating existing roadways - goal is to have 80% in good condition by 2010; 2) revamp 30,000km of rail with creative financing since this is not currently in the GOB budget; 3) work in the northeast to improve infrastructure in poorer areas; 4) complete a national transportation plan, and; 5) explore creative financing through public private partnerships.

¶12. (SBU) Nascimento highlighted one of the most difficult challenges for his ministry - the legal challenges/blocks that are imposed by environmental restrictions and licensing requirements. MOT is pushing to have these restrictions eased in order to help facilitate development, while at the same time protecting the environment. He pointed to one example of what he referred to as the impediment of environmental licensing in Brazil: to receive a construction license that impacts a specific sector of a river way, the entire river must be examined, in addition to the targeted sector. He argued that one shouldn't have to license the entire river, but only the sector where one is working. Additionally, he explained, in order to receive permission to recuperate an existing roadway, for example, "We must go through the same licensing process as we already did to build the road in the first place, and so the damage has already been done."

NATIONAL INTEGRATION

¶13. (SBU) Luiz Antonio Souza da Eira, Vice Minister of the Ministry
BRASILIA 00002131 003 OF 003

of National Integration (MONI), and his staff provided Van Antwerp with an overview of Brazil's water resources. Souza da Eira also explained that MONI's mission is to promote integration of Brazil through programs centering on social inclusion, sustainable use of natural resources, reducing regional inequality, etc. Souza da Eira said that while Brazil holds many water resources, a major challenge is the distribution of those resources to basins where water is less prevalent. To achieve these goals, MONI looks to public-private partnerships, as well as the GOB funding it receives.

¶14. (SBU) To illustrate some of MONI's work in Brazil, Souza da Eira described MONI's largest project underway at the moment - the Sao Francisco Integration Project. In a nutshell, the project aims to pump a fixed flow of water from the reservoir created by the Sobradinho dam through channels to the arid northeast. The project is estimated to cost USD 3 billion over four years; it has been met with vocal opposition from the environmental community. Souza da Eira explained that MONI's greatest challenge to date with this project has been effective storage of the water after being pumped from the reservoir. When asked if the GOB planned to construct new reservoirs, Souza da Eira responded by saying that the GOB has plans to continue to pump water from existing reservoirs to dryer basins.

¶15. (SBU) Souza da Eira emphasized the following areas of cooperation that MONI would like to explore with USACE: 1) finance models for public private partnerships; 2) water resource management models; 3) project management models - looking at water resources as a whole, including state/federal and state/state integration, environmental considerations and logistics; 4) irrigation projects; and 5) multi-use applications to water resources. Van Antwerp said that USACE is willing to explore such collaboration and indicated that he would like to send a team back to Brazil to investigate further, including the possibility of signing a memorandum of

understanding.

USACE DELEGATION

¶16. (U) The technical members of LTG Van Antwerp's USACE delegation were: COL Norberto Cintron, MAJ Jerry Farnsworth, MAJ Dawn Conniff, Command Sergeant Major Robert Winzenried; Dr. Mohan Singh, Marcelo Salles, Stephen Collinsworth, and Dr. Jerome Delli Priscoli. Embassy's Environment, Science, Technology and Health (ESTH) Counselor Rick Driscoll, ESTH Officer KG Moore, ECON Counselor Tara Erath, and ECON Officer Gabrielle Sarrano also attended the substantive meetings.

COMMENT

¶17. (SBU) LTG Van Antwerp and party generated substantial interest in possible cooperation from Brazilian civilian counterparts in the environment, transportation and ports areas. Embassy intends to work with USACE and Brazilians to build on the enthusiasm and interest displayed by both sides during this visit.

SOBEL